

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

LeRoy Koppendrayner
Marshall Johnson
Ken Nickolai
Thomas Pugh
Phyllis A. Reha

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of a Petition for Extended Area
Service from the Cokato Exchange to the
Minneapolis/St. Paul Metropolitan Calling
Area

ISSUE DATE: March 24, 2006

DOCKET NO. P-404, et al./CP-05-902

ORDER SETTING EAS RATE ADDITIVES
AND REQUIRING POLLING

PROCEDURAL HISTORY

On June 13, 2005, telephone subscribers in the Cokato exchange filed a petition for extended area service (EAS) to the Minneapolis/St. Paul metropolitan calling area. The Cokato exchange is served by Sprint Minnesota, Inc. (Sprint). The metropolitan calling area is served by eleven incumbent local exchange carriers, including Sprint.

On September 13, 2005, the Commission issued an Order finding that this proposed EAS route met threshold requirements of adjacency and traffic volume. The Order required all affected telephone companies to determine the cost of installing and operating the proposed EAS route and to develop proposed rates to recover those costs.

Between December 6, 2005 and January 10, 2006, the affected telephone companies filed cost studies and proposed EAS rate additives. Sprint filed a proposed lower-cost service alternative for Cokato customers choosing not to subscribe to extended area service to the metropolitan calling area.

On March 7, 2006, the case came before the Commission.

FINDINGS AND CONCLUSIONS

I. The Legal Standard

Extended area service is a service arrangement permitting neighboring telephone exchanges to become a single local calling area with toll-free calling. The criteria for establishing EAS and the procedures for determining EAS costs were set by Commission Orders (the EAS Orders)

following an industry-wide fact-finding and policymaking proceeding.¹ Briefly, these criteria and procedures are as follows.

- (1) A petitioning exchange must be adjacent to the exchange or local calling area to which it seeks EAS.
- (2) At least 50% of subscribers in the petitioning exchange must make at least three calls per month to the exchange or local calling area to which EAS is sought.
- (3) The companies serving the affected exchanges or local calling areas must determine the costs of installing and operating the proposed EAS route, using Commission-approved costing methods, and file proposed rate additives to recover these costs.
- (4) The Commission must poll subscribers in the petitioning exchange on whether they want EAS at the rates adopted by the Commission.
- (5) If a majority of the subscribers responding to the poll vote yes, the EAS route must be installed.
- (6) If the proposed EAS route is to the metropolitan calling area, the company serving the petitioning exchange must offer its customers local measured service or another lower cost alternative to flat rate EAS.

In this case the Commission has determined that the petitioning exchange meets the threshold adjacency and traffic volume requirements for extended area service to the metropolitan calling area. What remains is to determine the costs of the proposed route, to set rates reflecting those costs, and to poll subscribers in the petitioning exchange.

II. EAS Rate Additives Set

The cost studies filed by the affected companies pass muster under the standards set in the EAS Orders. They reflect actual, specific costs and sound accounting methods. The Commission will accept them and the proposed rates that are based on them. Those rates are set forth below.

¹ In the Matter of an Investigation into the Appropriate Local Calling Scope, in Accordance with Minn. Stat. 237.161 (1994), Docket No. P-999/CI-94-296, ORDER REACTIVATING THE PROCESSING OF EAS PETITIONS (October 24, 1995) and ORDER AFTER RECONSIDERATION (February 23, 1996).

Table 1 Monthly EAS Rate Additives Cokato Exchange			
Service	Facilities- Based	Lost Access Recovery	Total Monthly Rate
Residence	\$1.130	\$2.562	\$3.690
Business	\$2.260	\$5.124	\$7.380
Key/Trunk	\$2.627	\$5.956	\$8.580
Pay Telephone	\$2.260	\$5.124	\$7.380

Table 2 Sprint MCA Exchanges			
Service	Facilities- Based	Lost Access Recovery	Total Monthly Rate
R1-Residence	\$0.003	\$0.005	\$0.010
B1-Business	\$0.007	\$0.011	\$0.020
Key/Trunk	\$0.008	\$0.012	\$0.020
Pay Telephone	\$0.007	\$0.011	\$0.020

Table 3 Scott-Rice MCA Exchanges			
Service	Facilities- Based	Lost Access Recovery	Total Monthly Rate
PL Residence	-	\$0.005	\$0.010
PL Business & Pay	-	\$0.011	\$0.010
NM Residence	-	\$0.005	\$0.010
NW Business & Pay	-	\$0.011	\$0.010
W Res	-	\$0.010	\$0.010
W Res FX	-	\$0.013	\$0.010
W Bus & Pay	-	\$0.014	\$0.010
W Bus FX	-	\$0.020	\$0.020
W Res Measured	-	\$0.005	\$0.010
W Bus Measured	-	\$0.008	\$0.010

Table 4 Eckles MCA Exchanges			
Service	Facilities- Based	Lost Access Recovery	Total Monthly Rate
Residence Town	-	\$0.006	\$0.010
Residence Rural	-	\$0.008	\$0.010
Bus Key & Pay	-	\$0.011	\$0.010
PBX Analog	-	\$0.015	\$0.020
PBX Digital	-	\$0.006	\$0.010

Table 5 Lonsdale MCA Exchanges			
Service	Facilities- Based	Lost Access Recovery	Total Monthly Rate
Flat Rate	-	\$0.029	\$0.030
Measured Rate	-	\$0.029	\$0.030

Table 6 Qwest MCA Exchanges			
Service	Facilities- Based	Lost Access Recovery	Total Monthly Rate
Res Flat	\$0.009	\$0.024	\$0.030
Bus Flat	\$0.027	\$0.070	\$0.100
Bus Message	\$0.013	\$0.035	\$0.050
Trunks	\$0.027	\$0.071	\$0.100
Centrex/Centron	\$0.027	\$0.071	\$0.100
Public/Semi Pub Coin	\$0.027	\$0.070	\$0.100

Table 7 Citizens MCA Exchanges			
Service	Facilities- Based	Lost Access Recovery	Total Monthly Rate
Bus Rate Grp 1 Exch	\$0.001	\$0.019	\$0.020
Res Rate Grp 1 Exch	\$0.001	\$0.019	\$0.020
Bus Rate Grp 2 Exch	\$0.001	\$0.019	\$0.020
Res Rate Grp 2 Exch	\$0.001	\$0.019	\$0.020

Table 8 Sherburne MCA Exchanges			
Service	Facilitie s-Based	Lost Access Recovery	Total Monthly Rate
Zimm - Res	-	\$0.012	\$0.010
Zimm - Bus & Pay	-	\$0.019	\$0.020
Zimm - R1 Measured	-	\$0.012	\$0.010
Zimm - B1 Measured	-	\$0.019	\$0.020
Big Lake - Res	-	\$0.012	\$0.010
Big Lake - Bus & Pay	-	\$0.019	\$0.020
Big Lake - R1 Measured	-	\$0.012	\$0.010
Big Lake - B1 Measured	-	\$0.019	\$0.020

Table 9 Lakedale MCA Exchanges			
Service	Facilities-Based	Lost Access Recovery	Total Monthly Rate
Digital Access - Montrose	-	\$0.185	\$0.190
Digital Access - Waverly	-	\$0.185	\$0.190
Digital Access - Maple L	-	\$0.185	\$0.190
Payphone - Montrose	-	\$0.278	\$0.280
Payphone - Waverly	-	\$0.278	\$0.280
Payphone - Maple Lake	-	\$0.278	\$0.280
Measured - Montrose	-	\$0.185	\$0.190
Measured - Waverly	-	\$0.185	\$0.190
Measured - Maple Lake	-	\$0.185	\$0.190

Table10 Winsted MCA Exchanges			
Service	Facilities-Based	Lost Access Recovery	Total Monthly Rate
Flat Rate Res Inside City	-	\$0.490	\$0.490
Flat Rate Res Outside City	-	\$0.490	\$0.490
Flat Rate Bus Inside City	-	\$0.770	\$0.770
Flat Rate Bus Outside City	-	\$0.770	\$0.770

<p align="center">Table 11 Bridge Water MCA Exchanges</p>			
Service	Facilities-Based	Lost Access Recovery	Total Monthly Rate
Monticello Flat Res	-	\$0.030	\$0.030
Monticello Flat Bus	-	\$0.040	\$0.040
Monticello Bus Trunk	-	\$0.070	\$0.070
Monticello Bus Key	-	\$0.040	\$0.040
Enfield Flat Res	-	\$0.040	\$0.040
Enfield Flat Bus	-	\$0.060	\$0.060
Enfield Bus Trunk	-	\$0.100	\$0.100
Enfield Bus Key	-	\$0.060	\$0.060

III. Lower-Cost Service Alternative Approved

As noted above, when a proposed EAS route includes the metropolitan calling area, the company serving the petitioning exchange must offer its customers local measured service or another lower-cost alternative to flat rate EAS. Here, Sprint offered local measured service, with additional charges for calls to the metropolitan calling area of five cents for the first minute, two cents for each additional minute, and a 60% discount for calls placed between the hours of 10:00 p.m. and 8:00 a.m.

The Commission concurs with Sprint and the Department of Commerce that this is a reasonable lower-cost alternative for customers choosing not to subscribe to the proposed EAS service.

III. Polling Ordered

The last step in the EAS decision-making process is to poll subscribers in the petitioning exchange to determine if the majority favors installing EAS at the rates set by the Commission. The Commission will proceed to polling. It will also direct the affected companies to provide the information and cooperation required for a fair and efficient poll.

Finally, the Commission will require both the polling materials sent to subscribers and any tariffs ultimately filed to itemize the portion of the EAS rate additive that recovers facilities costs and the portion that recovers lost access revenues and lost toll contribution. This information may be useful in tracking and analyzing overall network costs and revenues. To ease administration and prevent confusion, however, monthly bills should show only the total EAS rate.

The Commission will so order.

ORDER

1. The final cost studies filed by the affected companies are hereby accepted and approved.
2. The EAS rates set forth above in the body of this Order are hereby approved.
3. All subscribers in the Cokato exchange shall be polled on whether they favor installing the EAS route proposed at the rates approved for that exchange herein.
4. The components of the EAS rate additives approved herein shall be itemized, in polling materials and in any tariffs ultimately filed, to show which portion of the rate additive will recover facilities costs and which portion will recover lost access revenues and toll contribution. The components of the EAS rate additives shall not be itemized on customers' bills.
5. The affected telephone companies shall provide cooperation and assistance to Commission staff and Commission contractors during the polling process. Such cooperation and assistance shall include, but need not be limited to, the following:
 - (a) providing usable, deliverable addresses for all access lines in a format and under time frames set by Commission staff;
 - (b) providing proof of the accuracy of customer lists as requested by Commission staff.
6. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)

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